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*NORTH VIETNAM ECONOMIC DIFFICULTIES:
COMPARISON OF FEBRUARY AND DECEMBER GOVERNMENT REPORTS*

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NORTH VIETNAM ECONOMIC DIFFICULTIES:
COMPARISON OF FEBRUARY AND DECEMBER GOVERNMENT REPORTS

S U M M A R Y

1. Hanoi has publicized a revealing year-end assessment of the North Vietnamese economic situation in a comprehensive government report delivered by Vice Premier Le Thanh Nghi to the fifth session of the Fourth DRV National Assembly. Viewed against economic objectives which Le Thanh Nghi outlined for the National Assembly last February, the current account of successes and failures in implementing the 1974 state plan points up a number of shortfalls and problems in the North Vietnamese economy.

+ While boasting that rice production was unusually high and had exceeded the 1974 plan by eight percent, Le Thanh Nghi avoided any specifics regarding overall production and admitted that agriculture in general had failed to register "any broad comprehensive change" during the year.

+ Nghi's claims of a four percent increase above plan in industrial production and a 15 percent increase over 1973 indicates a midyear plan adjustment; at the beginning of 1974 a 21 percent increase had been set for industry.

+ The state of long-range planning in the DRV also appears to be in some disarray. The vice premier's directions for the preparation of the second five-year plan--scheduled to begin in 1976--suggested little has been accomplished in formulating the necessary guidelines and goals.

2. Selected extracts from Le Thanh Nghi's February and December 1974 National Assembly reports, which are reproduced at the end of this paper, illustrate North Vietnam's current economic difficulties and future goals.

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NORTH VIETNAM ECONOMIC DIFFICULTIES: COMPARISON OF FEBRUARY AND DECEMBER GOVERNMENT REPORTS

Vice Premier Le Thanh Nghi's government report to the fifth session of the Fourth DRV National Assembly, held from 23 to 28 December, dealt with the North Vietnamese economy in three sections: 1974 economic development; guidelines and tasks of the 1975 state plan; and measures needed to improve production, management, and productivity.* The assembly session followed the pattern of the last previous assembly meeting in February 1974 when Nghi had acted as the keynote speaker for the first time, delivering the major report on problems of postwar DRV reconstruction.** As in the past, Hanoi media carried what appears to be text of the latest government report, but only brief summaries have been released of other reports to the Assembly.

The participation of other DRV leaders in the recent National Assembly session conformed to past practice, with President Ton Duc Thang and Vice President Nguyen Luong Bang heading the lineup on the session's presidium that also included Politburo members Le Duan, Truong Chinh, Pham Van Dong, Hoang Van Hoan, Vo Nguyen Giap, Nguyen Duy Trinh, and Le Thanh Nghi. Truong Chinh, as chairman of the National Assembly Standing Committee, delivered his customary opening and closing remarks. Along with Foreign Minister Nguyen Duy Trinh's report on diplomatic activity since the signing of the Paris agreement and Defense Minister Giap's report on the military situation, the session heard acting Finance Minister Dao Thien Thi speak on the 1974 state budget and the 1975 draft state budget, People's Supreme Court President Pham Van Bach on court activities, and Chief Procurator Hoang Quoc Viet on law enforcement activities.

Although a political speech by Premier Pham Van Dong at National Assembly sessions in previous years has traditionally been given major prominence by the media, at the current session the premier apparently played the same minor role that he did in the February 1974 session. The brief communique issued at the conclusion of the

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proceedings merely indicated that he had spoken on behalf of the Council of Ministers, and subsequent media coverage provided no detailed account of his remarks.

LE THANH NGHI REPORT TO NATIONAL ASSEMBLY

Le Thanh Nghi spoke not only on behalf of the Council of Ministers at the fifth session of the National Assembly but as State Planning Commission chairman, a position to which he was appointed last April.* Nghi attempted to put the best face on the DRV domestic situation by characterizing 1974 economic goals as having been achieved "fairly satisfactorily in many respects" and by claiming that "fair but slow progress" had been made in carrying out the 1974 plan. Although praising some sectors for exceeding their planned goals--notably, in production of coal, electrical power, chemicals and rice, Nghi repeatedly indicated shortcomings in other areas of 1974 plan fulfillment. In addition, he admitted that the DRV has "achieved little in the way of consolidating socialist production relations" and has failed to keep pace with the need for reorganization "in the direction of large-scale socialist production."

AGRICULTURE In the key agricultural sector, Nghi cited unusually large rice yields but seemed to acknowledge some major imbalance in the overall agricultural picture. He said that, annual rice production for 1974 exceeded the plan by eight percent, a 21.4 percent increase over 1973 when the 10th-month rice crop was an admitted "failure." The successful rice production figures were elaborated upon in a 26 December NHAN DAN editorial, which characterized the production of fifth-month-spring rice for the year as "unprecedentedly high" and that of 10th-month rice as reaching "the highest level in 15 years." On the other hand, Nghi expressed dissatisfaction with the general situation, saying that agriculture had failed to register "any broad comprehensive change" in 1974. And a deliberate vagueness was suggested in his failure to indicate what portion, if any, of the 16 percent increase in the total value of agriculture production over 1973 that he had called for in his February National Assembly report had been reached.

* Politburo member Nghi's appointment as State Planning Commission chairman marked a reversion to the pre-war pattern when, from 1958 to 1965, the commission was headed by Politburo member Nguyen Duy Trinh--who was succeeded during the war years by Secretariat member Nguyen Con.

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The considerable attention Le Thanh Nghi devoted to secondary crops in his discussion of the 1975 plan may indicate a poor showing in this sector in 1974 and account for the regime's seeming reluctance to publicize plan fulfillment figures for agriculture as a whole, even with an exceptional year for rice. This focus on crops other than rice was in sharp contrast to his February 1974 report which dealt with secondary crops only in a general manner by urging expanded corn cultivation, but without specifying the percentage increase expected for 1974. In his December report, Nghi asked that "special attention" be given to the "quick increase" of corn production and other secondary crops; and decrying a tendency to slight these crops, he emphasized their "special importance in solving the problems of food grains and fodder." In an apparent attempt to rectify deficiencies in secondary crop production and consumption in 1974, the Vice Premier called for "dramatic changes" in 1975 and asked for a huge 40 percent increase in their production over 1974.

INDUSTRY The 1974 record for overall industrial progress was equally dubious. Although Nghi boasted of a four percent increase in "total value of industry and handicraft production above plan and a 15 percent increase over 1973," comparison with what he said in February reveals that the 1974 industrial target had apparently been lowered during the year. Presenting the 1974 state plan at the February session, Le Thanh Nghi had declared that "total industrial and handicraft output value in 1974 is expected to be up 21 percent from 1973." In what may have been a tacit admission of the plan reduction, Nghi in his December report expressed dissatisfaction with this type of action in another context when he asserted, "as of 1975, there will be no question of readjusting plans in midyear, except for unexpected developments." In lamenting the poor showing made by industry in 1974 and the pernicious effect this has had on other sectors of the economy, Le Thanh Nghi said:

This situation has made it difficult for industry to support the [other] economic branches, especially agriculture. Industries, small industries, and handicrafts have great potential but have not yet been developed satisfactorily. Manpower, materials, and equipment are still wasted. The use of raw materials is not tightly controlled. Production costs remain high and the quality of products is still unsatisfactory. The industrial branches must endeavor to overcome these shortcomings in the days to come.

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PLANNING Vice Premier Le Thanh Nghi's discussion of the second five-year plan--from 1976 to 1980--dealt with the spadework that must be accomplished prior to determining what the guidelines and goals are to be and did not reveal the specific objectives.* The insistence with which Nghi expressed the need for these advance preparations seemed to reflect increased urgency in expediting the formulation of the plan before the end of 1975, and may have been prompted by disappointment with faltering progress in planning, similar to that experienced in other areas of the economy in 1974.

Nghi called for "intensive" and "positive" preparations for the five-year plan and declared, "we must expedite basic and urgent preparations for the ensuing years." He urged that the collection of planning data be "expeditiously" completed, that investigation of basic economic and social conditions be "stepped up," that the bases for formulating plans be established to "insure effective formulation of the 1976-1980 plan," and that negotiations with foreign countries on projects connected with the five-year plan be "expedited." There was no reference to a "draft" five-year plan in Nghi's current report, although he had advocated the "study" of such a draft plan last February.

POPULATION While he never comes to grips with the problem, the harmful effects of excessive population growth on the North's economic development pervaded Nghi's report. "In the field of circulation and distribution of goods," he averred, "greater efforts have been made . . . in spite of the many difficulties caused by the war and the rapid increase in the population"; and he blamed the inability of the regime to meet the demand for consumer goods on the rapid increase and changing distribution of the population. Despite recognition of the problem, the Vice Premier offered little in the way of concrete measures to achieve a solution. Following his call for a birth control campaign in his February report, DRV propaganda devoted but scant attention to the issue and nowhere near the widespread publicity that seemingly would be required to be effective. In his latest report, Nghi blandly noted that the movement has spread and asked that "special attention must be given the birth control campaign to keep the growth of the population at a rational pace."

* Hanoi's first five-year plan ended in 1965 and plans for a second were dropped in 1966 because of the war. The decision to launch a five-year plan had been noted in Pham Van Dong's National Day address in September 1973 and was subsequently discussed by Le Thanh Nghi at the February National Assembly session.

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APPENDIX

STATE PLAN TARGETS AND ACHIEVEMENTS FOR 1974, TARGETS FOR 1975

Extracts of 1974 economic targets from Le Thanh Nghi's report to the February 1974 DRV National Assembly, and claims for fulfillment of the 1974 plan and targets for 1975--in script--from his December Assembly report.

1974 Targets1974 Plan Fulfillment
Targets for 1975

General Assessments and Comments

"By successfully implementing [the 1974] plan, the North's economy will achieve important progress compared with 1965 The gross social product* will increase by 21 percent, national income will increase by 14 percent"

"It may be said that 1974 has been a year in which the plan has been achieved fairly satisfactorily in many respects." "We have made fair but slow progress in fulfilling the 1974 state plan while the requirements of our national economy have increased." (*"We should strive intensively to increase the gross social product by 19.6 percent over 1974, national income from production by 19.5 percent"*)

Industry

"Total industrial and handicraft output value in 1974 is expected to be up 21 percent from 1973."

"The total value of industry and handicraft production was 4 percent above plan and up more than 15 percent over 1973." (*"Total industrial output value for 1975 should increase by 22 percent over 1974"*)

"Output value of the machinery industry in 1974 is expected to increase 19 percent, as compared with 1973, and two-fold over the prewar years."

"The machinery industry still develops slowly." (*"Investment in the machinery industry for 1975 will nearly double that of 1974. The percentage of this investment in terms of total industrial investment will increase from 15 percent in 1974 to 18 percent in 1975."*)

* The gross social product is the measure of total output in a communist economy.

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1974 Targets

"It is necessary for the coal industry to make efforts to overfulfill the 1974 plan to the extent possible"

"The electric sector will increase its production level by 30 percent compared with the previous year."

"The metallurgical branch must concentrate on promptly rehabilitating and completing the building of the Gia Sang rolling mill and the Thai Nguyen iron and steel complex."

1974 Plan Fulfillment Targets for 1975

"Although the coal industry has not yet reached prewar levels, it has overfulfilled its production plan by 12 percent and its stripping plan by 8 percent." ("Embarking on 1975 coal extraction will equal that of 1965." "The coal industry must . . . strive to increase coal production by about 1.5 million tons, or 39 percent over 1974." "By the end of 1975 the production capacity of . . . the coal industry will have increased by 17.5 percent over 1974.")

"The power output was 2 percent above plan in 1974 and 66 percent over the prewar peak of 1965." ("Embarking on 1975, . . . compared with 1965, power production capacity will increase 80 percent") "The electrical sector must increase power output by 19 percent compared with 1974 and double that of 1965. Power supplied to industry and agriculture must increase by 32 and 20 percent respectively compared with 1974." "By the end of 1975 the production capacity of the electricity sector will have increased by 32 percent over 1974.")

"The Thai Nguyen iron and steel complex has been restored and put into partial operation." ("The metallurgical branch must accelerate the restoration and rebuilding of the Thai Nguyen iron and steel complex; complete the building of the Gia Sang steel-rolling mill; expand the chromite mine, the tin mine")

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1974 Targets

"The building material branch must accelerate the production of cement, bricks, and tiles"

"The lumber exploitation industry must continue to boost production"

"The chemical industry must actively complete the building of the Ha Bac nitrogenous fertilizer plant to put it into operation in early 1975. It is necessary . . . to increase production of super-phosphate fertilizer, phosphate, and apatite"

1974 Plan Fulfillment
Targets for 1975

"The production plan for bricks and tiles has been overfulfilled. The production plan for cement is still below prewar norms." ("Cement production should increase 40 percent or more compared with 1974") "By the end of 1975 cement production capacity will increase 17 percent over 1974." "Brick production must increase by more than 22 percent compared with 1974" "By the end of 1975 brick production capacity of state-operated enterprises will increase by 36 percent over 1974.")

"No considerable progress has been recorded in the lumber industry." ("Lumber production must increase by 22 percent compared with 1974.")

"In the chemical industry, the production plan for fertilizer, synthetic rubber, and so forth has been fulfilled or overfulfilled." "Almost all plants in the chemical industry . . . have been rehabilitated or even expanded and their capacities increased." ("The chemical products industry must complete the building of the Ha Bac nitrogenous fertilizer plant and put it into operation." "Production of phosphorous fertilizer must increase by 24 percent compared with 1974.")

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1974 Targets

"Attention must be paid to accelerating the production of light industry and the food industry"

1974 Plan Fulfillment
Targets for 1975

"The production plan for some foodstuffs and consumer goods . . . has been fulfilled or over-fulfilled." "The foodstuffs industry has not yet developed vigorously." "Small industries and handicrafts . . . have been restored and developed to a higher level than in the prewar period." ("The light industry sector and grain and food products processing sector must be vigorously developed")

Agriculture

"In 1974, we must strive to achieve a 16 percent increase in total agricultural output value and subsidiary occupations compared with 1973."

". . . no broad comprehensive change has been made in agriculture yet." "For many years now, the cultivation of subsidiary crops and industrial crops has not been given due attention. This year, it still cannot reach the planned norm." ("In 1975 we must strive to increase total agricultural output value by 8.6 percent over 1974, with an increase of 6.5 percent in farming and 16 percent in stockbreeding.")

"We must . . . step up hog-raising by the collectives and families of cooperative members to increase the number of hogs to 6.2 or 6.3 million in 1974"

"The herd of hogs has been maintained and has further increased." ("In 1975 we must increase the number of hogs by 3 percent over 1974 and increase meat production by 14 percent")

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1974 Targets

"In 1974 we must increase the volume of grain production from 16 to 18 percent compared with 1973, and 3 percent compared with 1972." "We must expand the area of industrial crops and cultivate them intensively in order to reach 220,000 hectares in 1974, an increase of 16 percent compared with 1973."

1974 Plan Fulfillment Targets for 1975

"The yearly paddy output surpassed plan norms by 8 percent and increased 21.4 percent compared with the previous year." "The 5th-month-spring crop area has not reached the planned norm. Rice transplanting has been behind schedule in 16 percent of the cultivated areas. The rice yield has varied from one locality to another." ". . . cultivation of secondary crops and industrial crops has not been given due attention. This year, it still cannot reach the planned norm. (*"In 1975 grain output must increase by 5 to 6 percent compared with 1974, a year of bumper rice harvest."*) "The volume of secondary crop production . . . must increase by more than 40 percent compared with 1974."

Other Sectors

"In the 1974 postwar plan, the volume of goods transported must increase 32 percent in tonnage and 34 percent in ton-kilometers over 1973."

"The total volume of transported goods in 1974 has increased by 30 percent compared with 1973 and 60 percent compared with 1964." "The transportation of goods to the mountainous provinces and the former fourth region and the communications and transport activities in the rural areas are still unsatisfactory." (*"We should strive intensively to increase . . . the volume of goods transported in the country by 22 percent . . ."*)

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1974 Targets

"It is anticipated that the postal service output value will increase by 3.2 percent compared with 1973."

"In the years ahead, the annual rate of construction must double compared with 1973. Nevertheless, in view of the present numerous limitations, . . . in implementing the 1974-75 capital construction plans, we must concentrate capital and construction capabilities primarily on meeting the urgent needs."

" . . . in 1974, the capital invested by the state in building economic and cultural projects will increase by 50 percent compared with 1973. The capital invested in construction installations will increase by 32 percent. Of the total amount of capital invested in construction, investment in construction of production establishments amounts to 84.7 percent, of which 34.2 percent is invested in industry and construction, nearly 20 percent is invested in agriculture and water conservancy, and 17.2 percent in communications and transportation. Investment in the construction of projects unrelated to production amounts to 15 percent, and investment in building housing facilities amounts to 6 percent."

1974 Plan Fulfillment
Targets for 1975

"The postal branch has endeavored to meet the requirements for economic rehabilitation and development. However, the quality of its work is still poor." ("It is anticipated that the 1975 value of postal productivity will increase 7.6 percent over 1974.")

"Capital construction in general is still slow and of poor quality." ("The capital construction manpower and equipment and funds for the economic and cultural sectors in 1975 will increase by 41.5 percent over 1974, with construction funds increasing by 26 percent. Of the total investment for construction, funds for higher grade projects will account for 54 percent and for lesser grade ones, 46 percent; investment for new construction projects 81.5 percent, and investment for projects already begun 26.4 percent.")

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1974 Targets

" . . . in the 2 years of 1974 and 1975 it has been planned that approximately 1.4 million square meters of housing, . . . will be built. In 1974 alone, 610,000 square meters of housing will be built."

"The value of exported goods in 1974 must increase 31 percent over that of 1973"

"According to the 1974 state plan, the circulation of goods sold in organized markets will increase 10 percent over 1973."

1974 Plan Fulfillment
Targets for 1975

" . . . millions of square meters of new housing and tens of thousands of classrooms have been built in the past 2 years." "However, the building of houses, schools and hospitals is still slow and far from meeting the demand." ("We will build approximately 650,000 square meters of housing with construction investment increasing by 78.5 percent over 1974, including 400,000 square meters of housing to be built in the cities and concentrated industrial centers.")

"Efforts have been made in the export of goods under postwar conditions." ("We should strive intensively to increase . . . the value of exported goods by 30 percent over 1974.")

"In 1974, the circulation of retail goods sold on the state-organized market has increased 2 percent over 1973 and doubled that of 1965." ("It is planned to increase the total amount of goods to be sold at retail on the organized market by 18 percent. Goods sold on the unorganized market will decrease by 48.2 percent. It is planned to increase the amount of goods reserved for the organized market from 72 percent in 1974 to 86 percent in 1975.")

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1974 Targets

"In the 2 years of 1974 and 1975, the state-run production branches must reach and exceed the prewar labor productivity level"

1974 Plan Fulfillment
Targets for 1975

"Labor productivity in the industrial, construction and transportation branches fulfilled the plan norms and increased from 15 to 20 percent over 1973." (*"We should strive intensively to increase . . . social labor output by 14 percent over 1975."*)